

## REMARKS

New claim 38 is added.

Claims 1-37 are pending for reconsideration, which is requested.

Claims 1-37 are rejected under 35 USC 112, 2<sup>nd</sup> paragraph, as being indefinite for reciting "permanent storage." Claims 1 and 37 are amended. For example, paragraphs 416, 474, and 523 provide support. Withdrawal of the indefiniteness rejection is respectfully requested.

Claims 1-7, 15, 16, 27, 35-36, and 37 are rejected under 35 USC 103(a) as being unpatentable over Mizrah (US Patent no. 7,379,916) in view of Hird (US Patent No. 2002/0141575) and Nagel (US Patent No. 7,181,017).

Claims 8, 10, 11, 17-26, 33 and 34 are rejected under 35 USC 103(a) as being unpatentable over Mizrah, Hird and Drummond (US Patent No. 7,025,256).

Claim 9 is rejected under 35 USC 103(a) as being unpatentable over Mizrah, Hird and Drummond and Beigel (US Patent No. 2003-0174049).

Claims 12-14 are rejected under 35 USC 103(a) as being unpatentable over Mizrah, Hird and Beigel.

The independent claims are 1, 37 and 38.

For example, paragraphs 200, 487, 497 ('device-specific stored parameters') and 526 of the application provide support.

The Office Action page 4 relies upon Hird paragraph 13 for the claimed generated second parameter. Hird paragraph 13 discusses 'generation camouflaging' where a correct private key is reproduced when a user inputs his PIN. However, claim 1 emphasizes "*consumer mobile device ... stores a consumer mobile device parameter based upon which the consumer mobile device is identifiable ...*" In addition, claim 1 emphasizes "*generating a second parameter based upon the stored consumer mobile device parameter based upon which the consumer mobile device is identifiable, as a second generated non-transmitted parameter based upon which the consumer mobile device is identifiable.*" Hird paragraph 13 is silent on parameter generation. In addition, Hird FIG. 4 and paragraphs 52-54 discuss derivation of an original seed value from a masked seed value by providing a masked seed value that represents a relationship between the valid PIN and the original seed and then XORing the PIN with the masked seed to unmask the original seed. Then, in Hird, the original

seed is provided to the key generation module 130. However, Hird is silent on generating a parameter based upon the original seed. In addition, Hird is silent on an original seed from which a device is identifiable.

The Office Action relies upon Nagel for discussing a session key and on Mizrah column 10, lines 57-67, which discusses an account holder entering a PIN, but are silent on "***generating a second parameter based upon the stored consumer mobile device parameter based upon which the consumer mobile device is identifiable***" and are also silent on "***a changing key derived from both [1] the first input non-transmitted parameter of the consumer mobile device and [2] the second generated non-transmitted parameter of the consumer mobile device from which the consumer mobile device is identifiable***." Therefore, Nagel and Mizrah do not cure the deficiencies of Hird.

In other words, in contrast to Mizrah, Hird and Nagel, amended claim 1 emphasizes "the consumer mobile device and the STS device controllers ***authenticate the merchant and the consumer and verify a-the purchase transaction between the merchant and the consumer over the open and non-secure wireless communication channel, based upon a changing key derived from both [1] the first input non-transmitted parameter of the consumer mobile device and [2] the second generated non-transmitted parameter of the consumer mobile device from which the consumer mobile device is identifiable*** and identifying both the consumer mobile device and the consumer to the STS device."

Withdrawal of the rejection of amended claim 1 and allowance of claim 1 is requested.

Independent claims 37 and new 38 emphasize limitations similar to the discussed limitations of amended independent claim 1.

Dependent claims recite patentably distinguishing features of their own, or are at least patentably distinguishing due to their dependencies from the independent claims.

There being no further outstanding objections or rejections, it is submitted that the application is in condition for allowance.

Finally, if there are any formal matters remaining after this response, the Examiner is requested to telephone the undersigned to attend to these matters.

If there are any additional fees associated with filing of this response, please charge the same to our Deposit Account No. 19-3935.

Respectfully submitted,  
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